



July 18, 2011

***Ex Parte Notice***

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

***Developing a Unified Inter-carrier Compensation Regime, CC Docket 01-92***

Dear Ms. Dortch:

On Thursday, July 14, 2011, the undersigned and Jill Canfield on behalf of the National Telecommunications Cooperative Association (“NTCA”) and Greg Hale from Logan Telephone Cooperative, Inc. in Auburn, Kentucky, Nancy White from North Central Telephone Cooperative in Lafayette, Tennessee and Lois Ihle representing NISC, met with Victoria Goldberg, Marcus Maher, Travis Litman, Randy Clarke, and Rebekah Goodheart from the Wireline Competition Bureau, Margaret Dailey from the Enforcement Bureau and Peter Trachtenberg and Joseph Levine from the Wireless Telecommunications Bureau.

The group discussed the difficulties that the telephone cooperatives and other companies are experiencing in collecting inter-carrier compensation that is due from a company called Halo. Halo is terminating increasingly large volumes of traffic on the telephone cooperatives’ networks, but refuses to pay the requisite inter-carrier compensation under the unsubstantiated theory that the traffic is intraMTA wireless. The companies discussed their efforts to investigate the traffic at issue and the true nature of Halo’s operations, the findings of the extensive investigation they have conducted, the volumes of traffic exchanged and amounts unpaid, their efforts to obtain payment, and their attempts to negotiate interconnection agreements to the extent that there is in fact any intraMTA wireless traffic being exchanged. They also discussed how no interconnection agreements are needed where the traffic being terminated is clearly subject to applicable tariffs. The attached presentation was provided to Commission staff to facilitate this discussion; a redacted copy is filed herewith, and a confidential version is provided under seal together with a request for treatment under the applicable protective order in this proceeding.

Ms. Marlene H. Dortch

July 18, 2011

Page 2

Pursuant to Section 1.1206 of the Commission's rules, a redacted copy of this submission is being filed via ECFS with your office. If you have any questions, please do not hesitate to contact me at (703) 351-2016 or mromano@ntca.org.

Sincerely,

/s/ Michael R. Romano

Michael R. Romano

Senior Vice President - Policy

cc: Victoria Goldberg  
Marcus Maher  
Travis Litman  
Margaret Dailey  
Peter Trachtenberg  
Joseph Levine  
Rebekah Goodheart  
Randy Clarke



# HALO and Intercarrier Compensation Avoidance

Public Version



# The Issues with HALO

- The Problem
- HALO and its Traffic
- Impacts
- “CMRS in the Middle” (at best . . .)
- Legal Requirements
- Next Steps

# The Problem

- Carriers receiving large volume of traffic with a NPA-NXX assigned to HALO.
- When carriers seek to bill HALO for termination, HALO claims to be a CMRS provider and that the traffic is intraMTA.
- Stall tactics prevent getting to the bottom of the problem.

# HALO and its Traffic

- HALO is a LLC organized in TX in 2009.
- HALO holds a nationwide, non-exclusive license in the 3650 MHz band.
  - Before April 2011, HALO received FCC approval for only three towers in rural TX communities
- Transcom offers “voice termination services” and is believed to be affiliated with HALO (same headquarters, related CEOs).

# HALO and its Traffic (cont.)

- In less than 4 months, HALO's traffic has surpassed the volume delivered by local facilities-based CMRS carriers and carriers have seen a corresponding reduction in legitimate access traffic.

Month/Carrier	201101	201102	201103	201104	201105	201106	201107
Global Crossing	*	*	*	*	*	*	*
Bluegrass Cellular/KY RSA #3	*	*	*	*	*	*	*
Cingular Wireless GA	*	*	*	*	*	*	*
Halo Wireless	*	*	*	*	*	*	*
NEXTEL	*	*	*	*	*	*	*
Tmobile	*	*	*	*	*	*	*

# HALO and its Traffic (cont.)

- Originating caller info is “stripped” from the traffic delivered by HALO.
- No known HALO retail end user customers



# HALO and its Traffic (cont.)

- Most of the calls originate on non-CMRS lines and/or are not intra-MTA.
  - See Record Analysis for April/May/June
- HALO is using interconnection agreements to terminate non-CMRS or inter-MTA traffic as intra-MTA wireless traffic.
- Some of this traffic (at best) might be “CMRS in the middle,” but it is not clear that CMRS is used in the transmission of any given call.
- And even where CMRS might be used “in the middle” for some limited portion of calls, that does not change the nature of any call on an end-to-end basis.

# Impacts

- Carriers not compensated for traffic that terminates on their networks.

## Impact Analysis

Month	Rev Impact	Access Lines	Impact Per Line Per Month
April	*	*	*
May	*	*	*
June	*	*	*

# Impacts

Logan		january	february	march	april	may	june
	Halo MOU						
	Total Term MOU						
	Halo Term as %						
Company 2		january	february	march	april	may	june
	Disputed Halo MOU						
	Total Term MOU						
	Halo Term as %						
Company 3		january	february	march	april	may	june
	Halo MOU						
	Total Term MOU						
	Halo Term as %						
Company 4		january	february	march	april	may	june
	Halo MOU						
	Total Term MOU						
	Halo Term as %						
Company 5		january	february	march	april	may	june
	Halo MOU						
	Total Term MOU						
	Halo Term as %						
Company 6		january	february	march	april	may	june
	Halo MOU						
	Total Term MOU						
	Halo Term as %						
Company 7		january	february	march	april	may	june
	Halo MOU						
	Total Term MOU						
	Halo Term as %						
Company 8		january	february	march	april	may	june
	Halo MOU						
	Total Term MOU						
	Halo Term as %						

Public Version

# Impacts

- Called parties cannot rely on caller ID to identify calling parties.
- Complaints pending in Missouri, Georgia, Kentucky, Tennessee and Texas.

# “CMRS in the Middle” (at best . . .)

- The Commission applies an “end-to-end” analysis to determine call jurisdiction.
- Even where CMRS *might be* used, HALO’s scheme is similar to AT&T’s “IP in the Middle” initiative.
  - Only relevant communication is from the calling party to the called party.
  - Jurisdiction of calls based on end-to-end analysis without regard to the routing characteristics.
  - Neither communication path nor any intermediate switching point is relevant to jurisdictional analysis.

# “CMRS in the Middle” (at best . . .) (cont.)

- Calls do not “become” CMRS simply because they are routed to a carrier with a CMRS license.
- Even where calls originated as CMRS, they do not “become” intra-MTA simply because HALO is involved in the routing path.

# Legal Requirements

- The Commission has never considered “in-the-middle” schemes to be a basis for avoiding intercarrier compensation obligations.
  - Even pending comprehensive reform, the Commission made clear that IP-in-the-middle, for example, was not subject to special treatment.
- Part 64 of the Commission’s rules requires carriers using SS7 to transmit the calling party’s number associated with an interstate call to interconnecting carriers.

# Next Steps

- The Commission should investigate whether HALO aggregates interstate interexchange wireline and/or interstate inter-MTA CMRS traffic and then disguises it as intra-MTA traffic to avoid paying interstate access charges.
  - *In doing so, however, the Commission should make clear that:*
    - *States retain the authority to resolve claims as to intrastate access; and*
    - *Carriers can avail themselves of any legal remedy available at law to address access avoidance by HALO.*
- The Commission should investigate whether companies (e.g., Transcom, others?) are selling least-cost routing termination services that rely ultimately upon a HALO CMRS interconnection agreement to terminate non-CMRS and/or inter-MTA traffic.



July Billing

PUBLIC VERSION

Row Labels	Values	
	Sum of MSG	Sum of MOUS
0-Unknown		
1-Interstate/Interlata		
2-Intrastate/Interlata		
3-Interstate/Intralata		
4-Intrastate/Intralata		
6-IntraMTA/Interstate		
7-IntraMTA/Intrastate		
8-IntraState/InterMTA		
9-InterState/InterMTA		
Grand Total		